

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HJR 850

March 1, 2010

SUMMARY OF BILL: Urges the Bureau of TennCare to take necessary steps to ensure that it is maximizing rebates provided by generic drug companies. Also, urges the Bureau of TennCare to require generic drug manufacturers to pay the same rebates paid by brand name companies, including a minimum 15 percent rebate plus an additional rebate based on its best commercial price and to institute a penalty for all price increases which exceed the consumer price index.

ESTIMATED FISCAL IMPACT:

MINIMAL

Assumptions:

- The fiscal impact assumes that the action urged by this resolution will be implemented and reflects the cost of implementation.
- According to the Bureau of TennCare, drug rebates are controlled by the Center for Medicare and Medicaid Services (CMS). The Medicaid Drug Rebate Program requires a drug manufacturer to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services (HHS) for states to receive federal funding for outpatient drugs dispensed to Medicaid patients.
- Since the federal rebate is determined by CMS, TennCare must defer to federal regulations on the issue.
- According to the Bureau of TennCare, rebates and generic utilization are being maximized in order to control the pharmacy program costs.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

/kml

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